GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1348
ANSWERED ON:11.03.2005
EXCISE EXEMPTION ON PHARMA INDUSTRIES
Chowdhury Shri Adhir Ranjan

Will the Minister of FINANCE be pleased to state:

(a) the specific areas in the country where complete/ partial excise exemption on the pharma industries is pledged till 2017;

(b) the projected short fall in collection of excise revenue per State, year-wise in the future;

(c) whether the benefits of such exemption will pass on to the consumers; and

(d) the manner in which the union Government ensures level playing field to industries in other parts of the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a) Area based excise duty exemptions are applicable to specified units located in the North Eastern States, Jammu & Kashmir, Uttaranchal, Himachal Pradesh, Kutch district of Gujarat and Sikkim. These exemptions are applicable to pharma units also. In case of Uttaranchal and Himachal Pradesh, exemption is available for a period of ten years provided commencement of commercial production is on or before 31.3.2007.

(b) State-wise year-wise shortfall in excise revenue collection in future, due to area-based exemptions, have not been projected.

(c) Whether benefits of excise exemption are passed on to consumers or not will depend on a variety of factors like supply and demand position, cost of manufacture etc., and there is nothing in Central Excise law to ensure that benefit of excise duty exemption is passed on to consumers.

(d) As a policy, the Government has notified area based exemptions from excise duty as fiscal incentive in order to encourage industrial development of such areas.